

**JUNCTION TOWN  
FINANCIAL STATEMENTS  
JUNE 30, 2005**

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# Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

Honorable Mayor and Town Council  
Junction Town  
Junction, Utah 84740

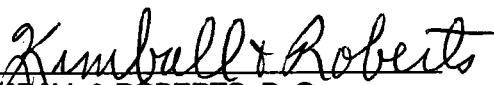
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Junction Town as of and for the year ended June 30, 2005, which collectively comprise Junction Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Junction Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Junction Town as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2005, on our consideration of Junction Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 4 through 15 and 39 through 41 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

July 13, 2005  
Richfield, Utah

# **JUNCTION TOWN MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended June 30, 2005**

This discussion of Junction Town's financial performance provides an overview of the Town's financial activities for the year ending June 30, 2005. This report is in conjunction with the Town's financial statements.

The purpose of the Town is to provide general services to its residents which includes general government, public safety, highways and public improvements, culture and recreation and airport.

## **Financial Highlights**

- \* The assets of the Town exceeded its liabilities as of the close of the most recent year by \$735,573 (net assets). Of this amount, \$28,961 (unrestricted net assets) which may be used to meet its ongoing obligations to citizens and creditors.
- \* The government's total net assets increased by \$95,078. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the general fund.
- \* At the close of the current year, the Town's governmental funds reported ending fund balance of \$71,041, an decrease of \$20,321 in comparison with the prior year. Approximately 58 percent of this total amount, \$41,266 is available for spending at the government's discretion (unreserved fund balance).
- \* At the end of the current year, unreserved fund balance for the general fund was 41,266 or 44 percent of total general fund expenditures.
- \* The Town's total debt decreased by \$5,696 during the current year.

## **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## **Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

# **JUNCTION TOWN MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended June 30, 2005**

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**JUNCTION TOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2005**

**Proprietary Funds - continued.**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water operations.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

**Notes To The Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Junction Town, assets exceeded liabilities by \$735,573 at the close of the most recent fiscal year. By far the largest portion of the Town's net assets (52 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net assets, \$323,193 (44 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$28,961, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities, except for the unrestricted net assets of the Enterprise Fund which showed a negative balance of \$12,305.

**JUNCTION TOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2005**

**Junction Town's Net Assets**

	Governmental Activities		Business-Type Activities		Total	Total
	2004	2005	2004	2005	2004	2005
Current and Other Assets	91,362	71,041	79,135	374,243	170,497	445,284
Capital Assets	379,190	340,260	110,000	547,431	489,190	887,691
<b>Total Assets</b>	<b>470,552</b>	<b>411,301</b>	<b>189,135</b>	<b>921,674</b>	<b>659,687</b>	<b>1,332,975</b>
Long-Term Liabilities	-	-	19,968	479,292	19,968	19,968
Other Liabilities	-	-	0	118,110	-	-
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>19,968</b>	<b>597,402</b>	<b>19,968</b>	<b>19,968</b>
<b>Net Assets:</b>						
Invested in Capital Assets						
Net of Related Debt	379,190	340,260	90,032	43,159	469,222	383,419
Restricted	52,296	29,775	6,708	293,418	59,004	323,193
Unrestricted	39,066	41,266	73,203	(12,305)	112,269	28,961
<b>Total Net Assets</b>	<b>470,552</b>	<b>411,301</b>	<b>169,943</b>	<b>324,272</b>	<b>640,495</b>	<b>735,573</b>

**Governmental Activities**

Governmental activities decreased Junction Town's net assets by \$33,295 in 2004 and \$59,251 in 2005.



**JUNCTION TOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2005**

**Junction Town Changes in Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Revenues:						
Program Revenues:						
Charges for Services	11,473	10,423	35,066	54,038	46,539	64,461
Operating Grants	59,226	28,804	-	-	59,226	59,226
Capital Grants	-	-	-	120,000	-	120,000
General Revenues:						
Property Taxes	18,594	20,254	-	-	18,594	20,254
Other Taxes	15,135	14,630	-	-	15,135	14,630
Unrestricted Investment Earnings	<u>758</u>	<u>275</u>	<u>1,048</u>	<u>6,994</u>	<u>1,806</u>	<u>7,269</u>
Total Revenues	<u>105,186</u>	<u>74,386</u>	<u>36,114</u>	<u>181,032</u>	<u>141,300</u>	<u>285,840</u>
Expenses:						
General Government	20,223	12,345	-	-	20,223	12,345
Public Safety	5,217	5,425	-	-	5,217	5,425
Public Health		7,039				7,039
Highways and Public Improvements	55,265	87,417	-	-	55,265	87,417
Culture and Recreation	16,765	13,998	-	-	16,765	13,998
Airport	41,011	7,413			41,011	7,413
Interest on Long-Term Debt	-	-	1,138	1,012	1,138	1,138
Water	-	-	21,551	25,691	21,551	25,691
Total Expenses	<u>138,481</u>	<u>133,637</u>	<u>22,689</u>	<u>26,703</u>	<u>161,170</u>	<u>160,466</u>
Increase in Net Assets Before Transfers	(33,295)	(59,251)	13,425	154,329	(19,870)	125,374
Transfers	-	-	-	-	-	-
Increase in Net Assets	(33,295)	(59,251)	13,425	154,329	(19,870)	95,078
Net Assets - Beginning	<u>503,847</u>	<u>470,552</u>	<u>156,518</u>	<u>169,943</u>	<u>660,365</u>	<u>640,495</u>
Net Assets - Ending	<u>470,552</u>	<u>411,301</u>	<u>169,943</u>	<u>324,272</u>	<u>640,495</u>	<u>735,573</u>

**JUNCTION TOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2005**

- \* The Town received operating grants of \$28,804. Of this amount, \$24,595 was received for the road department. The other operating grant is from liquor law allotments.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

**Business-Type Activities**

Business-type activities increased the Town's net assets by \$154,329. No operating grants were received but a capital grant was received for the water project from the Community Impact Board.

- \* The total increase in the business-type activities costs for the water fund is attributed to increased operating costs.
- \* The depreciation in the enterprise funds remained the same as the prior year.

**Financial Analysis of the Government's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the Town's governmental fund (general fund) reported ending fund balances of \$71,041, a decrease of \$20,321 in comparison with the prior year. Approximately 58 percent of this amount (\$41,266) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to Class C Roads for \$29,775.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 44 percent of total general fund expenditures, while total fund balance represents 75 percent of that same amount.

**Proprietary Funds**

The Town's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water fund at the end of the year was \$(12,305).

**JUNCTION TOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2005**

**General Fund Budgetary Highlights**

The difference between the original and final budget was \$3,668.

Actual revenues were less than budgeted revenues by \$30,382 and actual expenditures were less than budgeted expenditures by \$10,061 resulting in a net decrease in fund balance of \$20,321

**Capital Asset and Debt Administration**

**Capital Assets**

Junction Town's investment in capital assets for its governmental activities as of June 30, 2005, was \$340,260 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads and highways.

**Junction Town's Capital Assets  
(net of depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Land	69,000	69,000	-	-	69,000	69,000
Construction in Progress				447,431		447,431
Water Shares	-	-	-	-	-	-
Infrastructure	229,895	204,350	-	-	229,895	204,350
Buildings	-	-	-	-	-	-
Improvements Other than Buildings	-	-	110,000	100,000	110,000	100,000
Equipment	80,295	66,910			80,295	66,910
<b>Total</b>	<u>379,190</u>	<u>340,260</u>	<u>110,000</u>	<u>547,431</u>	<u>489,190</u>	<u>887,691</u>

Additional information on the Town's capital assets can be found in the notes to the financial statements.

**JUNCTION TOWN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2005**

**Long -Term Debt**

At the end of the current year, the Town's had total bonded debt outstanding of \$504,272. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

**Junction Town's Long-Term Debt**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Revenue Bonds	<u>0</u>	<u>0</u>	<u>19,968</u>	<u>504,272</u>	<u>19,968</u>	<u>504,272</u>

During the fiscal year the town issued water revenue bonds of \$490,000 at 0% interest to the Community Impact Board for the purpose of financing a new water tank and culinary water system improvements.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 12 percent of its total fair market value of taxable property in the Town. The Town has no general obligation debt.

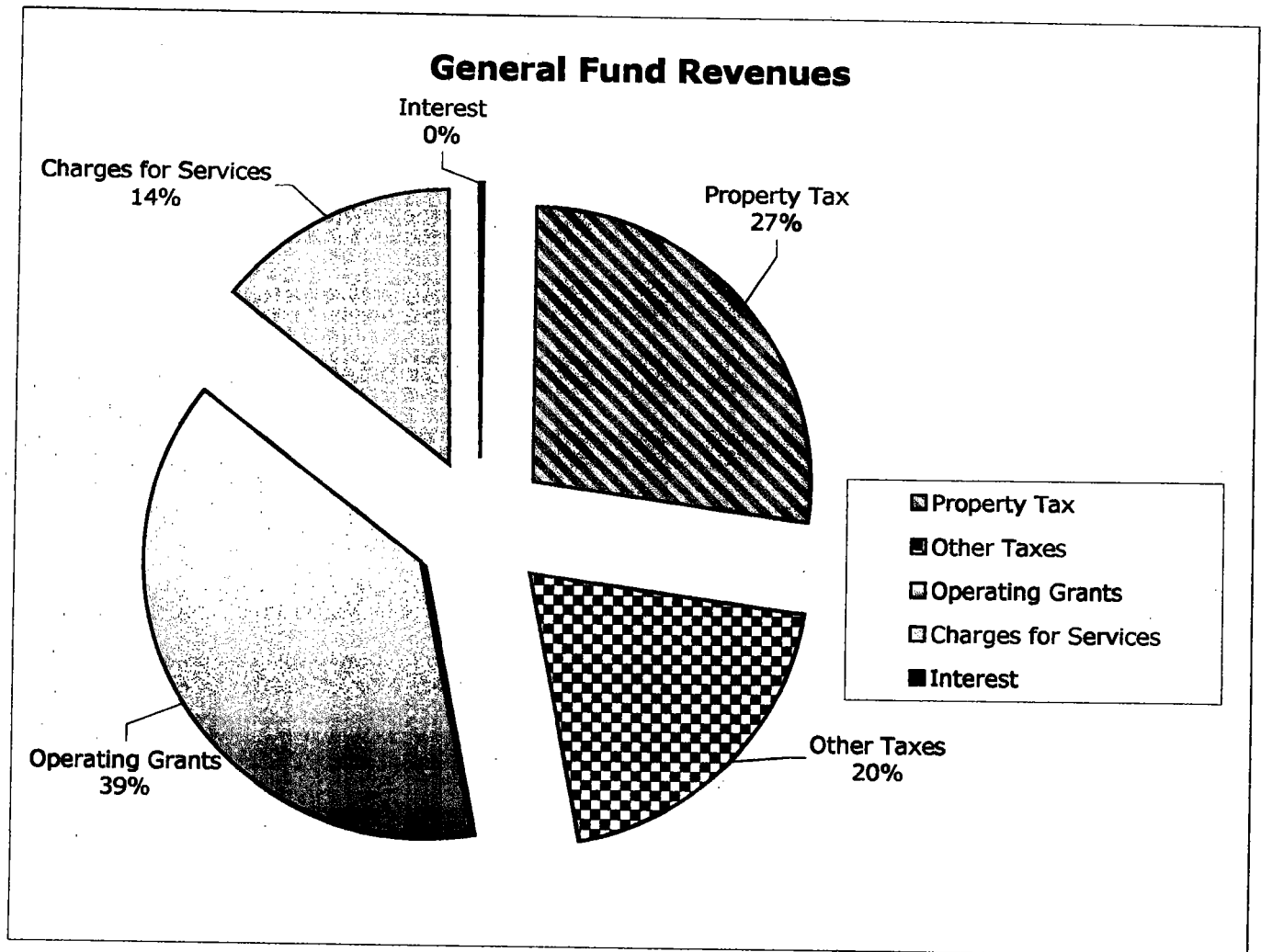
Additional information on Junction Town's long-term debt can be found in the notes of the financial statements.

**Request for Information**

This financial report is designed to provide a general overview of Junction Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Junction Town Clerk, P.O. Box 26, Junction, Utah, 84740.

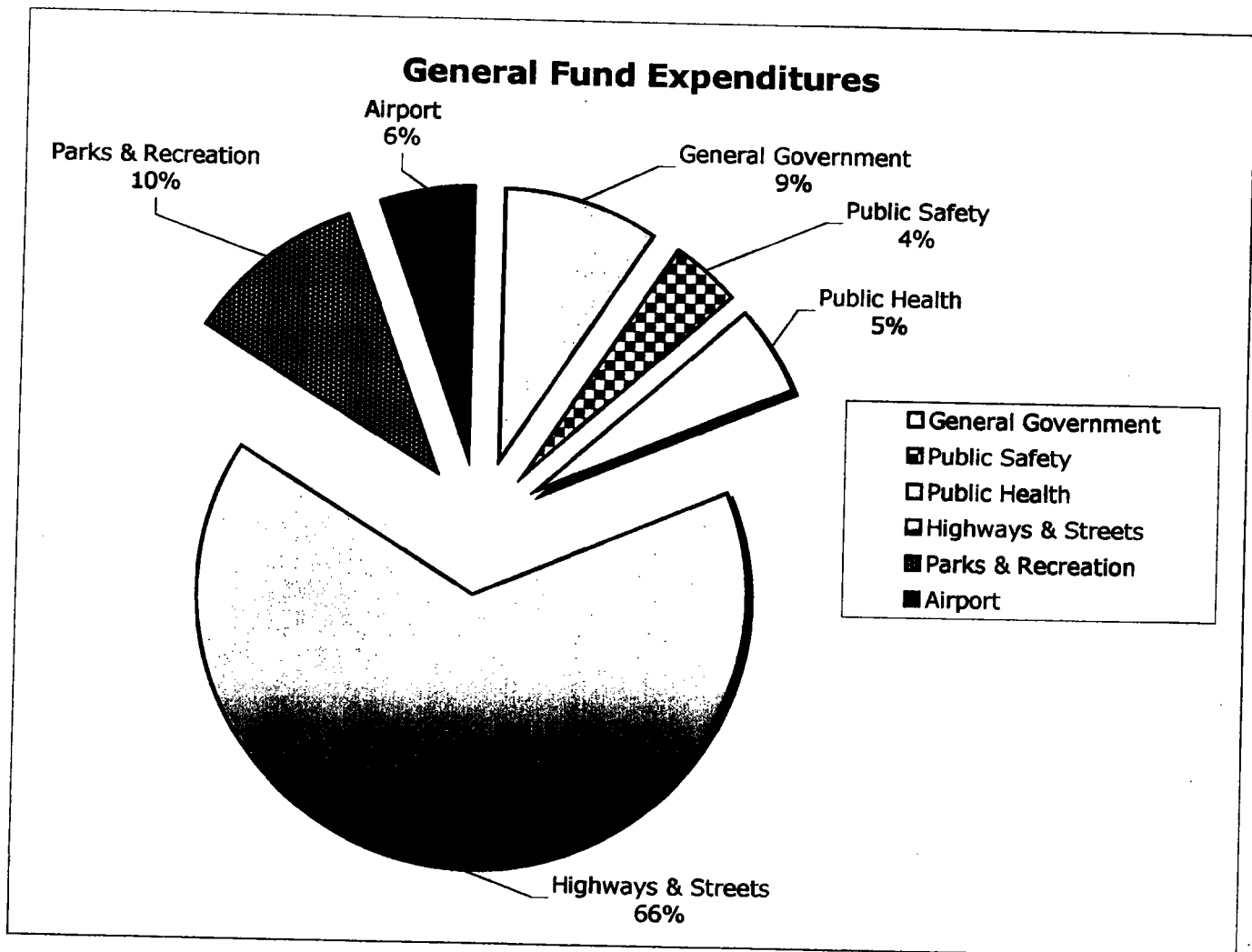
**Junction Town  
General Fund Revenues  
For The Fiscal Year Ended June 30, 2005**

Property Tax	20,254
Other Taxes	14,630
Operating Grants	28,804
Charges for Services	10,423
Interest	<u>275</u>
<b>Total</b>	<b><u><u>74,386</u></u></b>



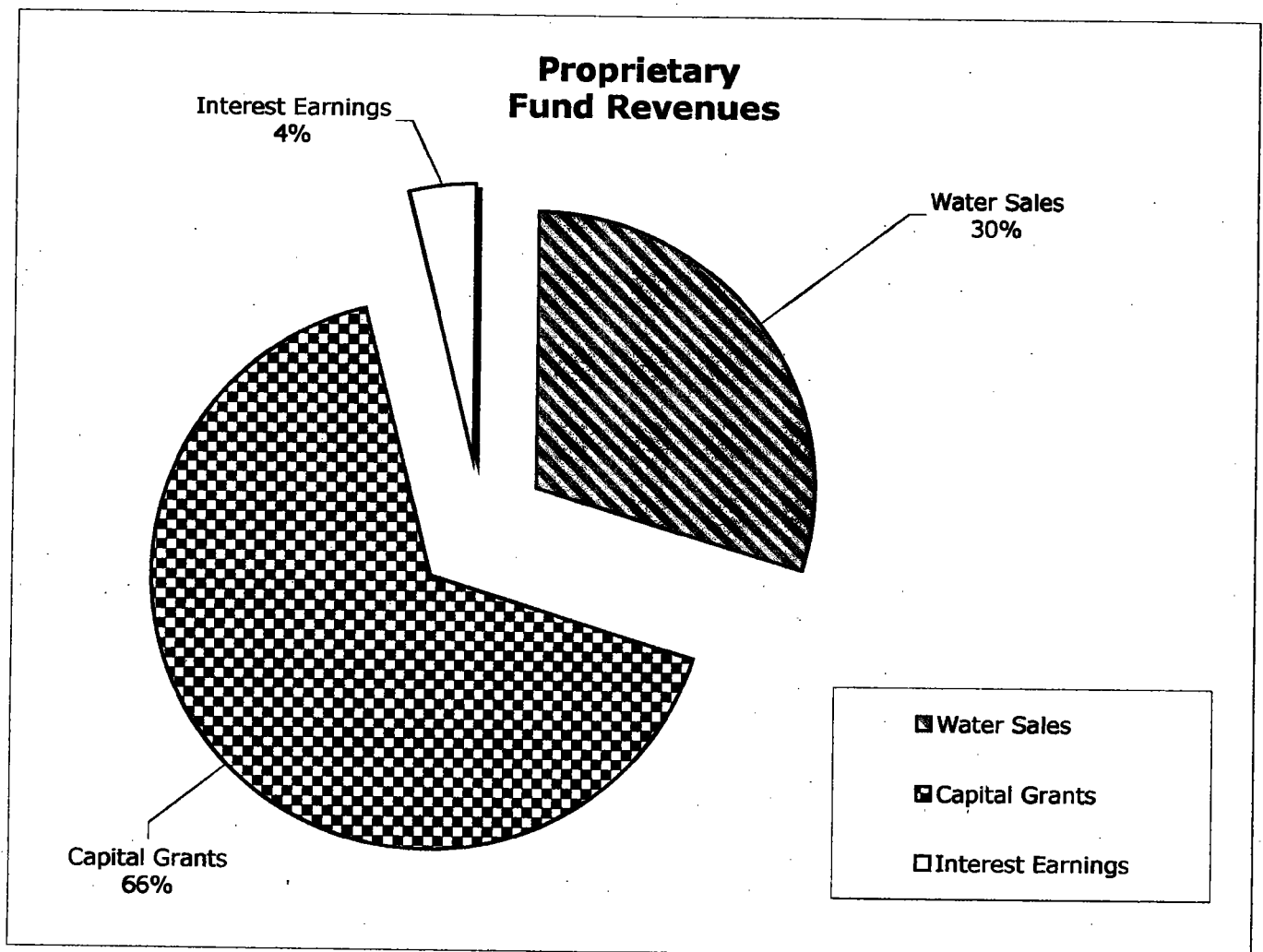
**Junction Town  
General Fund Expenditures  
For The Fiscal Year Ended June 30, 2005**

General Government	12,345
Public Safety	5,425
Public Health	7,039
Highways & Streets	87,417
Parks & Recreation	13,998
Airport	7,413
	<hr/>
Total	133,637



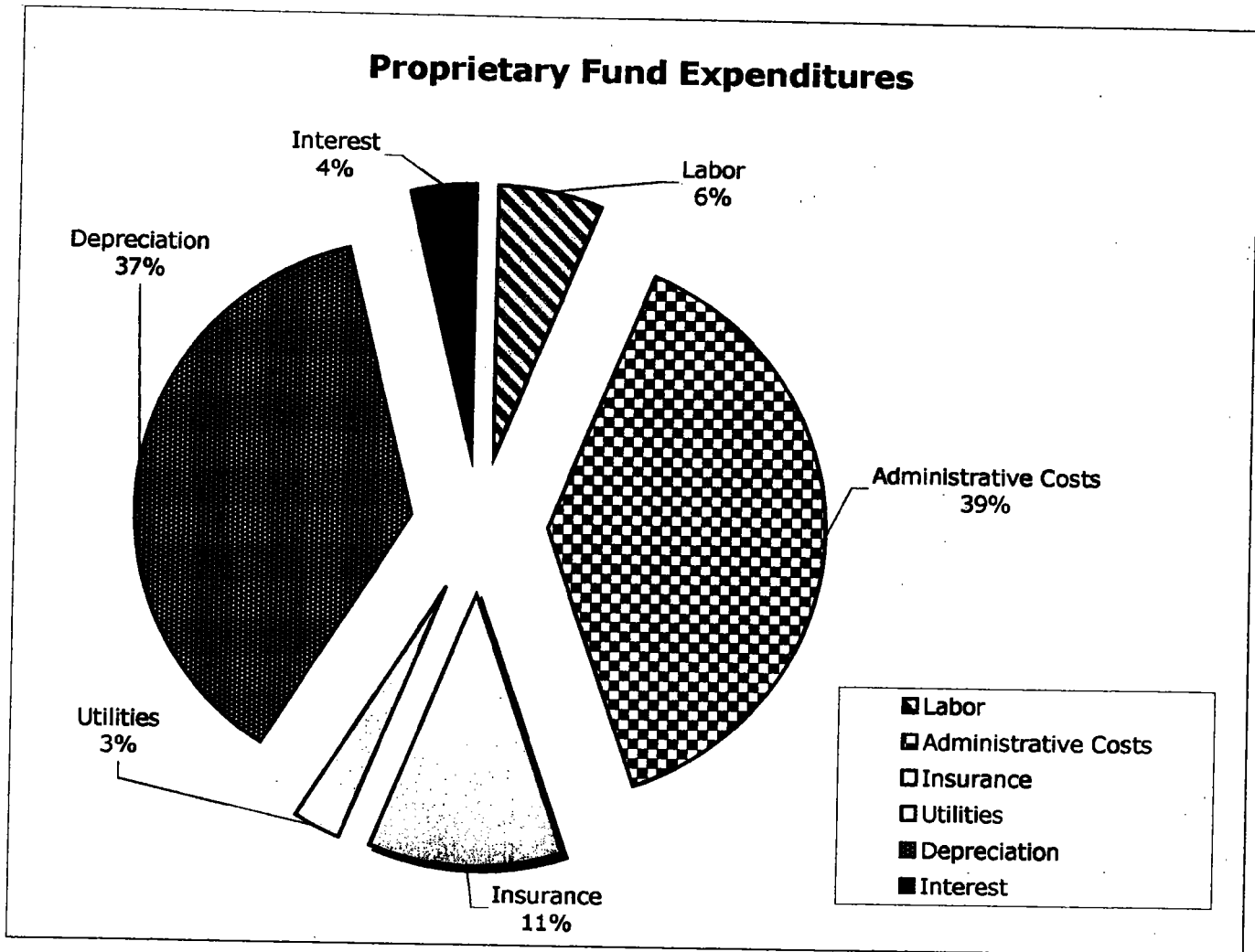
**Junction Town  
Proprietary Fund Revenues  
For The Fiscal Year Ended June 30, 2005**

Water Sales	54,038
Capital Grants	120,000
Interest Earnings	<u>6,994</u>
<b>Total</b>	<b><u>181,032</u></b>



**Junction Town  
Proprietary Fund Expenditures  
For The Fiscal Year Ended June 30, 2005**

Labor	1,600
Administrative Costs	10,372
Insurance	2,979
Utilities	740
Depreciation	10,000
Interest	<u>1,012</u>
Total	<u><u>26,703</u></u>





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# **BASIC FINANCIAL STATEMENTS**

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**JUNCTION TOWN  
STATEMENT OF NET ASSETS**

**June 30, 2005**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	71,041	359,852	430,893
Accounts Receivable (Net)	-	7,683	7,683
Total Current Assets	<u>71,041</u>	<u>367,535</u>	<u>438,576</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	6,708	6,708
Capital Assets (Net of Accumulated Depreciation):			
Land	69,000	-	69,000
Improvements Other Than Buildings	-	100,000	100,000
Equipment	20,700	-	20,700
Vehicles	46,210	-	46,210
Infrastructure	204,350	-	204,350
Construction in Progress	-	447,431	447,431
Total Noncurrent Assets	<u>340,260</u>	<u>554,139</u>	<u>894,399</u>
TOTAL ASSETS	<u><u>411,301</u></u>	<u><u>921,674</u></u>	<u><u>1,332,975</u></u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	-	93,130	93,130
Revenue Bonds Payable - Due Within One Year	-	24,980	24,980
Total Current Liabilities	<u>-</u>	<u>118,110</u>	<u>118,110</u>
Noncurrent Liabilities:			
Revenue Bonds Payable - Due More Than One Year	-	479,292	479,292
Total Noncurrent Liabilities	<u>-</u>	<u>479,292</u>	<u>479,292</u>
TOTAL LIABILITIES	<u>-</u>	<u>597,402</u>	<u>597,402</u>
<b>NET ASSETS</b>			
Investment in Capital Assets, Net of Debt	340,260	43,159	383,419
Restricted For:			
Bond Retirement	-	6,708	6,708
Capital Outlay	-	286,710	286,710
Class C Road	29,775	-	29,775
Unrestricted	41,266	(12,305)	28,961
TOTAL NET ASSETS	<u>411,301</u>	<u>324,272</u>	<u>735,573</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>411,301</u></u>	<u><u>921,674</u></u>	<u><u>1,332,975</u></u>

The notes to the financial statements are an integral part of this statement.

# JUNCTION TOWN STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2005

Function/Programs Primary Government:	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	12,345	2,710	-	-	(9,635)	-	(9,635)
Public Safety	5,425	-	541	-	(4,884)	-	(4,884)
Public Health	7,039	7,403	-	-	364	-	364
Highways and Public Improvements	87,417	-	24,595	-	(62,822)	-	(62,822)
Parks and Recreation	13,998	310	-	-	(13,688)	-	(13,688)
Airport	7,413	-	3,668	-	(3,745)	-	(3,745)
Total Governmental Activities	133,637	10,423	28,804	-	(94,410)	-	(94,410)
Business-Type Activities:							
Utility Fund	26,703	54,038	-	120,000	-	147,335	147,335
Total Primary Government	160,340	64,461	28,804	120,000	(94,410)	147,335	52,925
General Revenues:							
Property Taxes					15,754	-	15,754
Fee-In-Lieu of Property Taxes					4,500	-	4,500
Sales Taxes					14,630	-	14,630
Unrestricted Investment Earnings					275	6,994	7,269
Total General Revenues and Transfers					35,159	6,994	42,153
Change in Net Assets					(59,251)	154,329	95,078
Net Assets - Beginning					470,552	169,943	640,495
Net Assets - Ending					411,301	324,272	735,573

The notes to the financial statements are an integral part of this statement.

**JUNCTION TOWN  
BALANCE SHEET  
GOVERNMENTAL FUNDS**

**For The Fiscal Year Ended June 30, 2005**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>71,041</u>
<b>TOTAL ASSETS</b>	<u><u>71,041</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	<u>-</u>
Fund Balances:	
Reserved For:	
Class "C" Road	29,775
Unreserved, Reported In:	
General Fund	<u>41,266</u>
<b>Total Fund Balance</b>	<u>71,041</u>
<b>TOTAL LIABILITIES AND     FUND BALANCE</b>	<u><u>71,041</u></u>

The notes to the financial statements are an integral part of this statement.

**JUNCTION TOWN**  
**BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS**

**June 30, 2005**

Total Fund Balances - Governmental Fund Types	71,041
---	--------

Amounts reported for governmental activities in the statement of net assets  
are different because:

Capital assets used in governmental activities are not financial resources  
and, therefore, are not reported in the funds:

Land	69,000	
Equipment	20,700	
Vehicles	46,210	
Infrastructure	<u>204,350</u>	
Total		<u>340,260</u>

Net Assets of Government Activities	<u><u>411,301</u></u>
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**JUNCTION TOWN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

**For The Fiscal Year Ended June 30, 2005**

	<u>General Fund</u>
<b>Revenues:</b>	
Taxes	34,884
Licenses and Permits	175
Intergovernmental Revenue	28,804
Charges for Services	7,713
Interest	275
Miscellaneous Revenues	<u>2,535</u>
Total Revenues	<u>74,386</u>
<b>Expenditures:</b>	
Current:	
General Government	12,345
Public Safety	5,425
Public Health	7,039
Highways and Public Improvements	50,287
Parks and Recreation	12,198
Airport	<u>7,413</u>
Total Expenditures	<u>94,707</u>
Net Change In Fund Balance	(20,321)
Fund Balance - Beginning	<u>91,362</u>
Fund Balance - Ending	<u><u>71,041</u></u>

The notes to the financial statements are an integral part of this statement.

**JUNCTION TOWN**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For The Fiscal Year Ended June 30, 2005**

Amounts reported for governmental activities in the statement of activities  
are different because:

Net Changes in Fund Balances - Total Governmental Funds	(20,321)
---	----------

Governmental funds report capital outlays as expenditures. However, in  
the statement of activities the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense. This is the  
amount by which depreciation exceeded capital outlays in the current period:

Depreciation	<u>(38,930)</u>
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Changes In Net Assets of Governmental Activities	<u><u>(59,251)</u></u>
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**JUNCTION TOWN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund
	<u>Utility Fund</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	359,852
Accounts Receivable (Net)	<u>7,683</u>
Total Current Assets	<u>367,535</u>
Noncurrent Assets:	
Investments - Restricted:	
Bond Retirement	6,708
Capital Assets: (Net of Accumulated Depreciation)	
Improvements Other Than Buildings	<u>547,431</u>
Total Noncurrent Assets	<u>554,139</u>
TOTAL ASSETS	<u><u>921,674</u></u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	93,130
Bonds Payable - Due Within One Year	<u>24,980</u>
Total Current Liabilities	<u>118,110</u>
Noncurrent Liabilities:	
Bonds Payable - Due In More Than One Year	<u>479,292</u>
TOTAL LIABILITIES	<u>597,402</u>
<b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	43,159
Restricted for:	
Bond Retirement	6,708
Construction	286,710
Unrestricted	<u>(12,305)</u>
TOTAL NET ASSETS	<u>324,272</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>921,674</u></u>

The notes to the financial statements are an integral part of this statement.

**JUNCTION TOWN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity <u>Enterprise Fund</u>
	<u>Utility Fund</u>
<b>Operating Revenues:</b>	
Charges for Sales and Services:	
Water Fees	<u>54,038</u>
<b>Operating Expenses:</b>	
Labor	1,600
Administrative Costs	8,767
Insurance	2,979
Utilities	740
Depreciation	10,000
Other	<u>1,605</u>
Total Operating Expenses	<u>25,691</u>
Operating Income	<u>28,347</u>
<b>Nonoperating Revenues (Expenses):</b>	
Investment Earnings	6,994
CIB Grant	120,000
Interest Expense	<u>(1,012)</u>
Total Nonoperating Revenues (Expenses)	<u>125,982</u>
Change in Net Assets	154,329
Total Net Assets - Beginning	<u>169,943</u>
Total Net Assets - Ending	<u><u>324,272</u></u>

The notes to the financial statements are an integral part of this statement.

**JUNCTION TOWN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund
	<u>Utility Fund</u>
<b>Cash Flows From Operating Activities:</b>	
Receipts From Customers	47,131
Payments to Suppliers	(14,091)
Payments to Employees	(1,600)
	<u>31,440</u>
Net Cash Provided by Operating Activities	
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Principal Paid on Capital Debt	(5,696)
Interest Paid on Capital Debt	(1,012)
CIB Grant Received	120,000
	<u>113,292</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	
<b>Cash Flows from Investing Activities:</b>	
Interest Received	6,994
Bond Proceeds	490,000
Water Project Costs	(354,301)
	<u>142,693</u>
Net Cash Provided (Used) by Investing Activities	
Net Increase (Decrease) in Cash and Cash Equivalents	287,425
Cash and Cash Equivalents - Beginning	79,135
Cash and Cash Equivalents - Ending	<u><u>366,560</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:</b>	
Operating Income	28,347
Adjustments to Reconcile Operating Income to Net Cash Provided Provided (Used) By Operating Activities:	
Depreciation	10,000
Increase (Decrease) in Operating Assets:	
Accounts Receivable	(6,907)
Due from Other Governmental Units	(93,130)
Accounts Payable	93,130
	<u>3,093</u>
Total Adjustments	
Net Cash Provided (Used) by Operating Activities	<u><u>31,440</u></u>

The notes to the financial statements are an integral part of this statement.

**JUNCTION TOWN  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2005**

**NOTE 1 - SUMMARY OF HISTORY AND SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Junction Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2005.

The following is a summary of the more significant policies:

**A. Reporting Entity**

Junction Town is a municipal corporation in Piute County, Utah. It is governed by an elected Mayor and a four member board. As required by generally accepted accounting principles, these financial statements are of the primary government, Junction Town, the reporting entity. The Town has no component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**JUNCTION TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF HISTORY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Junction Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Government reports the following Proprietary Funds:

The Utility Funds accounts for the activities of the City water operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water funds are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

**JUNCTION TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF HISTORY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Assets or Equity**

**Deposits and Investments:**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**JUNCTION TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF HISTORY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings and Water Improvements	40 Years
Equipment	10 Years
Infrastructure	20 Years

**Long-Term Obligations:**

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

**Long-Term Obligations:**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity:**

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

**E. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**JUNCTION TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF HISTORY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Budgets and Budgetary Accounting:**

The governing body of the entity shall establish the time and place of the public hearing to consider the adoption of the budget and shall publish notice of the hearing at least seven days prior to the hearing (no time period given for towns) in at least one issue of the newspaper of general circulation published within the County in which the entity is located. If no such newspaper is published, the required notice may be posted in three public places within the entity's jurisdiction. The tentative budget must be made available to the public for inspection for a number of days, as provided by law, prior to the budget hearing.

1. On or before the first regularly scheduled meeting of the Town Board in the month of May, the Mayor prepares a tentative budget for the next budget year.
2. After a public notice has been published, a public hearing is then held on the adoption of the budget.
3. After the public hearing, the Town Board makes final adjustments to the tentative budget.
4. On or before June 22, the Town Board adopts the budget by resolution or ordinance and sets the tax rate for taxes.
5. The budget officer may transfer unexpended budgeted amounts within departments.
6. The Town Board may transfer unexpended budgeted amounts from one department in a fund to another department in the same fund by resolution.
7. The total budget appropriation of any governmental fund may be increased only after a public hearing has been held and followed by resolution of the Town Board.
8. Proprietary Fund budgets may be increased without a public hearing by resolution of the Town Board.
9. Budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level.



**JUNCTION TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF HISTORY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Fiscal Procedures Act for Utah Towns require local municipalities to restrict expenditures to authorized departmental budgets. The combined statement of revenues, expenditures and changes in fund balance - budget and actual identifies the departments and funds which have overexpended budgeted amounts if any and, therefore, do not comply with appropriate fiscal procedures.

**G. Property Tax Calendar:**

- |             |  |
|-------------|--|
| January 1   | Lien Date - All property appraised based upon situs and status as of this date (real and personal).  |
| March 1     | Calendar year taxing entities must inform the County of the date, time and place of the budget hearing for the next fiscal year for inclusion with tax notice.   |
| June 22     | All taxing entities to adopt tentative budgets and proposed tax rates and report them to the county auditor.   |
| July 22     | County auditor to prepare and mail Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners or in the event that Notices of Valuation and Tax Changes are not required, the county auditor is to compute taxes and the county treasurer is to mail tax notices. |
| September 1 | State Tax Commission approves tax rates.   |
| November 1  | County auditor is to deliver the equalized assessment roll to the county treasurer with affidavit.   |
| November 1  | County auditor to charge the county treasurer to account for all taxes levied.   |
| November 1  | County treasurer to mail tax notices. Tax notices for calendar year entities include notice of budget hearings.  |
| November 30 | Taxes on real property become delinquent.  |

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The Town maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents".

**JUNCTION TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Deposits:**

At year-end, the carrying amount of the Town's deposits was \$150,891 and the bank balance was \$151,158. Of the bank balance \$102,324 was covered by federal depository insurance. Utah State statutes do not require deposits to be collateralized, however, financial institutions must be approved by the State Money Management Council.

**Investments:**

Statutes authorize the Town to invest in obligations of the U. S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standards & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers acceptances, repurchase agreements, and the state treasurer's investment pool. The Town is also authorized to enter into reverse repurchase agreements.

The Town's investments are categorized below to give an indication of the risk assumed by the Town at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Town in the Town's name, and includes deposits collateralized by securities held by the Town in the Town's name. Category 2 includes uninsured and unregistered investments for which the investments are held by a broker or dealer in the Town's name, and includes deposits collateralized by securities held by the pledging institution in the Town's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer but not in the Town's name, and includes deposits not insured or collateralized.

Junction Town's investments at year end are shown below:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount/ Fair Value</u>
Investments	<u>-</u>	<u>-</u>	<u>-</u>	-
Other Items:				
State Treasurer's Investment Pool				<u>286,710</u>
Total Investments				<u>286,710</u>

Cash is reflected in the financial statements as follows:

Governmental	71,041
Proprietary	<u>366,560</u>
Total	<u>437,601</u>

**JUNCTION TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 3 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	56,000	-	-	56,000
Land Related To Infrastructure	<u>13,000</u>	<u>-</u>	<u>-</u>	<u>13,000</u>
 Total Capital Assets Not Being Depreciated	 <u>69,000</u>	 <u>-</u>	 <u>-</u>	 <u>69,000</u>
 Capital Assets Being Depreciated:				
Buildings	22,300	-	-	22,300
Equipment	45,000	-	-	45,000
Vehicles	88,850	-	-	88,850
Infrastructure	<u>510,875</u>	<u>-</u>	<u>-</u>	<u>510,875</u>
 Total Capital Assets Being Depreciated	 <u>667,025</u>	 <u>-</u>	 <u>-</u>	 <u>667,025</u>
 Less Accumulated Depreciation For:				
Buildings	22,300	-	-	22,300
Equipment	19,800	4,500	-	24,300
Vehicles	33,755	8,885	-	42,640
Infrastructure	<u>280,980</u>	<u>25,545</u>	<u>-</u>	<u>306,525</u>
 Total Accumulated Depreciation	 <u>356,835</u>	 <u>38,930</u>	 <u>-</u>	 <u>395,765</u>
 Total Capital Assets Being Depreciated (Net)	 <u>310,190</u>	 <u>(38,930)</u>	 <u>-</u>	 <u>271,260</u>
 Governmental Activities Capital Assets, Net	 <u>379,190</u>	 <u>(38,930)</u>	 <u>-</u>	 <u>340,260</u>

**JUNCTION TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 3 - CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Construction in Progress	<u>-</u>	<u>447,431</u>	<u>-</u>	<u>447,431</u>
Capital Assets Being Depreciated:				
Utility Systems	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
Total Capital Assets Being Depreciated	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
Less Accumulated Depreciation For:				
Utility Systems	<u>290,000</u>	<u>10,000</u>	<u>-</u>	<u>300,000</u>
Total Accumulated Depreciation	<u>290,000</u>	<u>10,000</u>	<u>-</u>	<u>300,000</u>
Total Capital Assets Being Depreciated (Net)	<u>110,000</u>	<u>(10,000)</u>	<u>-</u>	<u>100,000</u>
Business Type Activities Capital Assets, Net	<u>110,000</u>	<u>437,431</u>	<u>-</u>	<u>547,431</u>
Total Capital Assets	<u>489,190</u>	<u>398,501</u>	<u>-</u>	<u>887,691</u>

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Public Health	-	10,000	10,000
Highways and Public Improvements	37,130	-	37,130
Parks and Recreation	<u>1,800</u>	<u>-</u>	<u>1,800</u>
Total Depreciation Expense	<u>38,930</u>	<u>10,000</u>	<u>48,930</u>

**JUNCTION TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 4 - LONG-TERM DEBT**

**1985 Water Revenue Bond:**

Junction Town presently has a revenue bond issue with Farmers Home Administration. The Revenue Bond, dated May 20, 1985, is to be paid from water revenues. The monthly payment is \$559.00. The bond carries an interest rate of 5%. The balance at June 30, 2005 was \$14,272.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	5,980	728	6,708
2006-2007	6,280	428	6,708
2007-2008	<u>2,012</u>	<u>78</u>	<u>2,090</u>
Total	<u><u>14,272</u></u>	<u><u>1,234</u></u>	<u><u>15,506</u></u>

**2004 Water Revenue Bond:**

During the 2004-2005 fiscal year the Town issued \$409,000 of Water Revenue Bonds at 0% interest to the Community Impact Board for the purpose of financing a new water tank and culinary water system improvements.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	19,000	-	19,000
2006-2007	19,000	-	19,000
2007-2008	19,000	-	19,000
2008-2009	19,000	-	19,000
2009-2010	19,000	-	19,000
2011-2015	95,000	-	95,000
2016-2020	100,000	-	100,000
2021-2025	100,000	-	100,000
2026-2030	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total	<u><u>490,000</u></u>	<u><u>-</u></u>	<u><u>490,000</u></u>

**JUNCTION TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 4 - LONG-TERM DEBT (CONTINUED)**

The following is a summary of total debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	24,980	728	25,708
2006-2007	25,280	428	25,708
2007-2008	21,012	78	21,090
2008-2009	19,000	-	19,000
2009-2010	19,000	-	19,000
2011-2015	95,000	-	95,000
2016-2020	100,000	-	100,000
2021-2025	100,000	-	100,000
2026-2030	100,000	-	100,000
Total	<u>504,272</u>	<u>1,234</u>	<u>505,506</u>

The following is a schedule of changes in long-term debt:

Bond Issue:	<u>Total Authorized</u>	<u>Outstanding June 30, 2004</u>	<u>Issued</u>	<u>Matured</u>	<u>Outstanding June 30, 2005</u>
Water Revenue Bond - FHA	400,000	19,968	-	5,696	14,272
Water Revenue Bond - CIB	<u>409,000</u>	<u>-</u>	<u>490,000</u>	<u>-</u>	<u>490,000</u>
	<u>809,000</u>	<u>19,968</u>	<u>490,000</u>	<u>5,696</u>	<u>504,272</u>

**NOTE 5 - CLASS "C" ROADS - RECEIPTS AND DISBURSEMENTS**

The following is a schedule of changes in the Class "C" Road reserved fund balance:

Balance - Beginning of Year	<u>52,296</u>
Receipts:	
State Allotments	18,356
Interest	329
Other	<u>5,910</u>
Total Receipts	<u>24,595</u>
Disbursements	
Equipment Maintenance and Construction	<u>(47,116)</u>
Balance - End of Year	<u>29,775</u>

**JUNCTION TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 6 - RESERVED FUND BALANCE**

The Town receives Class "C" Road money from the State of Utah for road construction and maintenance. The unexpended portion of this money is shown as a reserved fund balance in the financial statements.

**NOTE 7 - STATE RETIREMENT PLANS**

Junction Town does not participate in the Utah State Retirement System programs.

**NOTE 8 - RISK MANAGEMENT**

Junction Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries and natural disasters. The Town has obtained certain insurance with commercial insurance carriers for liability, property damage, and automobile coverage in sufficient amounts to cover any estimated future claims.

Claims have not exceeded coverage in any of the last three calendar years.

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**REQUIRED SUPPLEMENTARY  
INFORMATION  
"UNAUDITED"**

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**JUNCTION TOWN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Fiscal Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2004	<u>91,362</u>	<u>91,362</u>	<u>91,362</u>	<u>-</u>
Resources (Inflows):				
Taxes:				
General Property Taxes	12,000	12,000	15,754	3,754
General Sales and Use Taxes	14,000	12,000	14,630	2,630
Fee-In-Lieu	<u>5,400</u>	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Total Taxes	<u>31,400</u>	<u>28,500</u>	<u>34,884</u>	<u>6,384</u>
Licenses and Permits	<u>225</u>	<u>150</u>	<u>175</u>	<u>25</u>
Intergovernmental Revenue:				
Class C Road	21,000	19,000	24,595	5,595
State Liquor Allotment	480	300	541	241
Airport	<u>-</u>	<u>38,000</u>	<u>3,668</u>	<u>(34,332)</u>
Total Intergovernmental Revenue	<u>21,480</u>	<u>57,300</u>	<u>28,804</u>	<u>(28,496)</u>
Charges for Services:				
Cemetery	500	400	310	(90)
Dump	<u>7,400</u>	<u>7,000</u>	<u>7,403</u>	<u>403</u>
Total Charges for Services	<u>7,900</u>	<u>7,400</u>	<u>7,713</u>	<u>313</u>
Other Revenue:				
Interest	800	1,600	275	(1,325)
Rentals	2,600	2,000	-	(2,000)
Miscellaneous	-	1,600	2,535	935
Use of Fund Balance	<u>36,695</u>	<u>6,218</u>	<u>-</u>	<u>(6,218)</u>
Total Miscellaneous Revenue	<u>40,095</u>	<u>11,418</u>	<u>2,810</u>	<u>(8,608)</u>
Amounts Available for Appropriation	<u>192,462</u>	<u>196,130</u>	<u>165,748</u>	<u>(30,382)</u>

**JUNCTION TOWN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Fiscal Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Charges to Appropriations (Outflows):				
General Government:				
Administration	14,000	11,000	10,417	583
Insurance	-	2,000	1,928	72
Total General Government	<u>14,000</u>	<u>13,000</u>	<u>12,345</u>	<u>655</u>
Public Safety:				
Police Department	3,500	3,600	3,541	59
Fire Department	5,000	3,700	1,884	1,816
Total Public Safety	<u>8,500</u>	<u>7,300</u>	<u>5,425</u>	<u>1,875</u>
Highway and Public Improvements:				
Repairs and Maintenance	54,000	50,000	47,115	2,885
Street Lights	-	4,000	3,172	828
Total Highways and Public Improvements	<u>54,000</u>	<u>54,000</u>	<u>50,287</u>	<u>3,713</u>
Health and Welfare	<u>5,600</u>	<u>7,800</u>	<u>7,039</u>	<u>761</u>
Parks and Recreation:				
Cemetery	1,000	1,000	563	437
Parks and Recreation	14,000	14,000	11,635	2,365
Total Parks and Recreation	<u>15,000</u>	<u>15,000</u>	<u>12,198</u>	<u>2,802</u>
Nondepartmental:				
Airport	<u>4,000</u>	<u>7,668</u>	<u>7,413</u>	<u>255</u>
Total Charges to Appropriations	<u>101,100</u>	<u>104,768</u>	<u>94,707</u>	<u>10,061</u>
Budgetary Fund Balance - June 30, 2005	<u>91,362</u>	<u>91,362</u>	<u>71,041</u>	<u>(20,321)</u>

**JUNCTION TOWN  
NOTE A  
BUDGETARY COMPARISON SCHEDULE  
BUDGET-TO-GAAP RECONCILIATION**

**For The Fiscal Year Ended June 30, 2005**

	<u>General Fund</u>
<b>Sources/Inflows and Resources:</b>	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	165,748
<b>Differences - Budget to GAAP:</b>	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(91,362)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>74,386</u></u>
<b>Uses/Outflows of Resources:</b>	
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	94,707
<b>Differences - Budget to GAAP:</b>	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting pruposes.	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>94,707</u></u>



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## **COMPLIANCE SECTION**

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# Kimball & Roberts

Certified Public Accountants

A Professional Corporation

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Richfield, Utah 84701

Phone 896-6488

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Town Council  
Junction Town  
Junction, Utah 84740

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Junction Town as and for the year ended June 30, 2005, which collectively comprise Junction Town's basic financial statements and have issued our report thereon dated July 13, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Junction Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.


### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Junction Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted a certain matter that we reported to the management of Junction Town in a separate letter dated July 13, 2005.

Honorable Mayor and Town Council  
Junction Town  
Page -2-

This report is intended solely for the information and use of the audit committee, management, and Town Board and is not intended to be and should not be used by anyone other than these specified parties.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

July 13, 2005  
Richfield, Utah

# Kimball & Roberts

*Certified Public Accountants*

*A Professional Corporation*

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*Richfield, Utah 84701*

*Phone 896-6488*

## AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

Honorable Mayor and Town Council  
Junction Town  
Junction, Utah 84740

We have audited the basic financial statements of Junction Town, for the fiscal year ended June 30, 2005, and have issued our report thereon dated July 13, 2005. As part of our audit, we have audited Junction Town's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the fiscal year ended June 30, 2005. The Town received the following major State assistance programs from the State of Utah:

Class "C" Road Funds (Department of Transportation)  
Liquor Law Enforcement (State Tax Commission)  
Community Impact Board (Department of Community and Economic Development)

Our audit also included testwork on the Town's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance  
Property Tax  
Other Compliance Requirements


The management of Junction Town is responsible for the Town's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Honorable Mayor and Town Council  
Junction Town  
Page -2-

The results of our audit procedures disclosed an immaterial instance of noncompliance with the requirements referred to above, which is described in a separate management letter. We considered this instance of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Junction Town, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the fiscal year ended June 30, 2005.

  
KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

July 13, 2005  
Richfield, Utah



**JUNCTION TOWN  
MANAGEMENT LETTER  
JUNE 30, 2005**

# Kimball & Roberts

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## FINDINGS AND RECOMMENDATIONS

Honorable Mayor and Town Council  
Junction Town  
Junction, Utah 84740

During our audit of the funds of Junction Town for the fiscal year ended June 30, 2005, we noted a certain area needing corrective action in order for the Town to be in compliance with state laws and regulations. This item is discussed below for your consideration.

### COMPLIANCE:

#### Cash Management

Utah Code 51-4-2(2) requires that all public funds be deposited daily, whenever practicable, but no later than three days after receipt.

#### **Finding:**

During our tests of cash receipts we noted that public funds were not always deposited within three days of receipt.

#### **Recommendation:**

We recommend that the Town adopt policies to provide for the deposit of public funds within three days of receipt to comply with State Law regarding cash management.

#### **Response:**

We have reviewed the above finding with management and management agrees with the recommendation.

We would like to take this opportunity to thank Junction Town's personnel for the cooperation and assistance given to us during the course of our examination.

Respectfully submitted,

  
KIMBALL & ROBERTS  
Certified Public Accountants

July 13, 2005  
Richfield, Utah

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July 13, 2005  
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